

## 5 - Starting an XPX Chapter

### Introduction to XPX

The Exit Planning Exchange is a learning community of professional advisors who work with owners of companies in the lower middle market (\$5-100 million in revenues). We take a broad view of the exit planning challenge and seek a broad view of the entire life cycle of a private company including:

- Business value growth
- Business value transfer
- Owner life and legacy

Our community includes advisors and owners in all stages of this process. Our members have specific areas of expertise as well as a holistic understanding of the breadth of challenges an owner faces throughout the stages of the private company life cycle. This helps XPX members to work collaboratively in the best interest of their clients.

From an organizational perspective, we are actually a network of related entities first founded by a small group of New England business colleagues. After holding a number of informal meetings in the Boston area, XPX Boston was formally launched in 2007. This group also formed a management company, XPX Global (Global), which provides continuity of association management, strategy and branding to the network. The network grew organically out of Boston, first to Connecticut (2009), then Philadelphia (2010), DC Metro (2011), Maryland (2014), Chicago (2016), San Antonio (2017) and Atlanta (2019). The Connecticut Chapter has also expanded into two locations in their own state (Hartford and Fairfield County) as well as New York, New Jersey and Long Island.

The strategic commitments that have guided our organization since founding include:

**Focus on the private company market** – Privately held businesses are unique in their long-term time horizons and the connection between the owner(s) of the business and its management. XPX’s core vision is to help business owners build value in their businesses, transfer this value at the time and in the way that is right for the owner to ensure him/her the life and legacy they desire.

**Embrace service providers** – The founders saw a gap in the market between professional organizations representing a single profession and market-oriented organizations that tended to look down on “service providers.” This is the core constituency of XPX: professional advisors of many kinds who work with private companies and their owners.

**Keep the network open** - Another key decision was to not create our own methodologies or content. This means that, unlike other organizations in the exit planning space, we do not advocate a single methodology, approach or vendor. Instead, we endeavor to be a place where all advisors, owners and vendors can interact and collaborate.

**Use the right business models** – Professional organizations can be for-profit or not-for-profit. The XPX founders had experienced both and wanted to get the best of each; so they created a hybrid business model. XPX Chapters are locally controlled non-profits led by prominent professionals in the private company market. The Chapters focus on the high-value tasks attractive to senior professionals as volunteers: events, sponsorship and membership. XPX Global LLC (Global) is a for-profit entity staffed by professionals who provide consistency of management, shared branding and a sound technology infrastructure, none of which is ideal volunteer activities.

## XPX Chapters

### Membership

XPX Chapters create communities of trusted advisors to privately held companies and their owners. XPX members all understand that a business owner needs advisors from multiple disciplines. Through XPX, advisors can get to know and learn from other advisors. The knowledge, relationships and referrals received through XPX help our members improve their own businesses, support their clients' businesses and contribute to the strengthening of the exit planning field.

The kinds of professions represented at XPX include:

- Accountants
- Attorneys
- Bankers
- Coaches
- Consultants
- Exit Planners
- Insurance Providers
- Investors
- M&A Intermediaries
- Non-profits
- Valuators
- Virtual Managers
- Wealth Planner

The breadth of this list demonstrates that “it takes a village,” that is, a broad network of advisors to help a private business owner to succeed. Because of this breadth, our network contains many more potential referral sources for a member than potential competitors. This distribution makes for a collegial and collaborative environment. The kind of professional who comes to XPX and stays understands that their own business and their clients' businesses will benefit from access to a broad network of advisors with diverse experience and expertise.

One of the best ways to see this diversity is in the [Advisor Directory](#) on the XPX website. Here, any visitor to the website can sort all XPX Members according to Profession, 75 Areas of Expertise and 20 Client Industries.

The member value proposition is three fold (with member quotes):

- Resources – XPX programs provide high quality content about the private company life cycle. This helps advisors understand the big picture of their clients' challenges, how they fit in and where the line is between problems they can solve and where they can use help from others. *“What I know, What I don't know, What I don't know that I don't know. XPX helps me get this right.”*
- Relationships – XPX programming is designed for members to get to know each other, see how others think, learn what they do. You'll expand your network with people who are genuine, inviting and welcome collaboration. *“We're givers, not takers (and givers get more in the long run)”*
- Visibility – You'll raise your profile by sharing your knowledge in meetings, networking and contributing to our on-line Owners' Academy knowledge base. *“I know the guy/gal!”*

The XPX network was the subject of a research project that validated the benefits of our approach, showing that perceived visible expertise is key to giving and receiving business referrals between advisors. The study also found that in the previous six months, star referrers made 21 referrals and received 25. [Read and download the study here.](#)

## Events

XPX Chapters provide informative programming for advisors to business owners focused on the entire private company life cycle (business value growth, business value transfer and owner life and legacy). Some Chapters also offer programming specifically targeted at business owners such as Owners' Academy, Summits and Roundtables. Sample programming includes:

- Presentations by former business owners who have successfully exited their businesses
- Panels with topic experts, such as the mergers and acquisitions landscape, the value of IT, or financing for businesses and M&A
- Case study presentations
- Short member presentations about a client experience
- Co-hosted events with industry associations
- Talks by subject experts on topics such as philanthropy, legal issues, or personal wealth issues
- Social events at a local brewery, restaurant or museum
- Networking events, sometimes with a networking facilitator or program
- Members-only dinners
- Roundtables with presentations by XPX members designed for more interaction with smaller audiences
- Special interest groups for members who work in a specific industry or market
- Small group power networking
- Larger-scale summits with many breakout presenters and keynote speakers.

You can find a listing of recent events on the page containing our [National Calendar](#). At the top of this page, there is also a link to a document that details every XPX event held since our founding. There is also a list of the first three events at each Chapter in the [Startup Event History](#).

Established Chapters also have Governance and Finance functions. These are addressed in the full XPX Chapter Manual.

## XPX Global

The role of Global in the overall XPX network is to provide the kind of association strategy, customer service, branding and management services for the Chapters that are better done in a centralized way. The goal is to give the Chapters the best of both worlds: local control of events, membership and sponsorship combined with professional branding and administration. Global provides this support under a standard Service and License Agreement (SLA) with each Chapter. The servicing includes administrative support of all Chapter activities while the licensing includes strategic branding, infrastructure and facilitation of the Leadership Collaborative (which includes representatives of every Chapter).

## Branding

One of the basic assumptions of our network is that the individual brands of the Chapters are enhanced by their relationship with the overall XPX brand. We achieve this by presenting a standard look, design and message to the world. These standards are applied in logos, our website and email templates.

The XPX website consistently appears on the first page of a search for “exit planning.” This positioning has been achieved through what is called “natural” search based on the high level of relevant, dynamic content posted on our site by Members and Sponsors in the Owners' Academy. This content is a win-win for our entire network. It gives helps raise

[XPX Startup Kit | Page 9 | For further information, please contact Mary Adams ,781-729-9650, \[mary@exitplanningexchange.com\]\(mailto:mary@exitplanningexchange.com\)](#)

the profile of our Members because links from our site to those of our Members and Sponsors helps their own web strength. Moreover, it ensures that the XPX website continues to have strong search engine visibility.

## Infrastructure

Global's infrastructure has become more sophisticated over the course of the last ten years. Our third generation platform, launched in late 2015, uses Wild Apricot which is designed to support membership associations. This implementation enabled us to consolidate multiple systems and databases. The website is built on top of this integrated database. This means that we provide a customized user experience for Chapters and members. Examples include: Members who log in are taken directly to their own Chapter's home page. The Member application also serves as the Member Profile in the directories. Event registrations are automatically filled in with the Member's key information. There is a complete audit trail of all transactions in the system and financial summaries available to each Member. The platform is connected to a Stripe account for credit card payments. Global reconciles the payments to the Wild Apricot data and distributes receipts to the Chapters under the terms of the SLA.

## Leadership Collaborative

Each Chapter has considerable flexibility within this shared framework to develop its local network and operations. Global, on the other hand, tries to support all functions where standardization and systemization make sense. For this structure to work there needs to be a high level of transparency and communication among all the entities. The structure we use to facilitate this communication and learning is the Leadership Collaborative. Meetings are held quarterly via teleconference and in person once a year. Participants include the Global staff and the Presidents (and often the Presidents-Elect) from each Chapter.

The Leadership Collaborative is the major governance body for XPX Global, essentially filling the role as its board. It is also the major governance body for the network. No major decision is made without the participation of the entire Leadership Collaborative.

## Chapter Formation Process

Global supports and incubates groups seeking to form new Chapters. There are three phases to this process:

### I. Startup

This phase begins once the Foundation Group has signed the Chapter Formation Proposal. At this time, you receive a copy of the full XPX Startup Kit, full XPX Chapter Manual and access to our on-line Leadership Collaborative. We will also set up a calendar of coaching/check-in calls between Global and your team.

Over the following months, you should focus on recruiting a Launch Committee. This committee should include at least 15 advisors from different disciplines although there is room for multiple members from each profession. It is also helpful to include people who have experience with industry or professional associations as well as an accountant and a lawyer who can help later on with governance and finances.

The Launch Committee has three key tasks:

1. Recruit Launch Sponsors – This is your main source of startup funds and usually come from the members of you Launch Committee.
2. Invite Members – Membership can be free or paid during the launch phase of a Chapter. Each member gets an on-line profile and helps populate the Member Directory of your website.
3. Host initial events – The heart of XPX are in-person meetings. The initial goal of the Events Team is to plan the Chapter Launch meeting and sketch out the following 2-3 meetings so that they can be announced at the initial Chapter Launch meeting

These tasks are explained in further detail in the **Critical Path to Chapter Launch** section of the Startup Kit.

Throughout the Launch Phase, Global will hold periodic conference calls with your team so that we can help your efforts stay on track and answer any questions you may have. As you prepare your first meeting announcement, we will create a logo, website and event description. We will manage registrations and provide reporting. We will also work with you to get your Launch Committee Members and Sponsors into the on-line directory for your Chapter. All this means that you will have a full website with Sponsor, Member and Leadership Directories before you even hold your first event.

At this point, your Startup will not yet have a legal entity or bank account so Global will act on your behalf and run your operations through a separate start-up bank account. We will also contract with a bookkeeping firm to prepare a monthly financial summary for your Board.

## II. Launch

Your first event can generally be held within a year from your initial Chapter Formation Proposal. This event moves you into the Launch Phase. This phase lasts up to one year.

During this time, you will want to fill out your event calendar and develop your paid membership and sponsorship programs. Your other main task is to take steps to become an independent entity. This involves creating a local 501(c)6 and filing for non-profit status (approval takes a long time but as long as you have filed, you can operate as a non-profit). These documents will enable you to get a Federal tax identification number (FEIN) and open a bank account.

At this point, the Chapter and Global will sign the standard Service and License Agreement (SLA). Once you sign the SLA, Global will remit the Chapter's net cash to you so that you may operate as an independent entity.

## III. Growth

The Growth Phase begins once you are operating independently under the SLA. With maturity, you will begin to plan out your events for a full season and create an annual sponsorship program. Global will support you with association strategic, customer service, branding and management services, and involve you more fully in the Leadership Collaborative.